



ENERGY ASSURANCE DAILY

Wednesday, November 08, 2006

Electricity

LADWP May Take Decades to Upgrade Electricity System in Los Angeles – LA Times

According to a report in the Los Angeles Times, The Los Angeles Department of Water and Power (LADWP) may take decades to upgrade the electricity system which failed during a heat wave earlier this year, leaving 79,000 customers without power. LADWP told the newspaper that it has replaced or repaired 1,300 to 1,500 of the system's 126,000 electrical transformers since July, including 800 that were responsible for power failures during the heat wave. The newspaper said the LADWP was not keeping up with maintenance requirements.

Bloomberg News, 08:39 November 8, 2006

NRC Begins Special Investigation at Palisades Nuke Plant in Michigan

The U.S. Nuclear Regulatory Commission (NRC) has dispatched a special inspection team to the Palisades Nuclear Power Plant after an NRC inspector found that the plant's three auxiliary feedwater pumps were set in an incorrect operating mode during reactor shutdown and subsequent startup. The reactor was shut down on November 1 due to an unrelated problem with a leak from an equipment cooling system. The leak was repaired, and operators began reactor startup on November 3. During reactor startup, an NRC resident inspector discovered that the auxiliary feedwater pumps were set for manual operation when they were required to operate automatically.

<http://www.nrc.gov/reading-rm/doc-collections/news/2006/06-032iii.html>

Update: Energy Northwest's 1,150 MW Columbia Station Ramps Up to 25 Percent November 7

The station reconnected to the grid this morning and ramped up to 25 percent of power. The unit shut October 31, probably due to a problem with a controller system that regulates the flow of steam to the main turbine. Energy Northwest is considering replacing the system at some time in the future.

Bloomberg News, 14:22 November 7, 2006

Update: OPG's 494 MW Lambton Coal-fired Unit in Ontario Returns to Service November 7

Reuters, 14:27 November 7, 2006

OPG's 490 MW Nanticoke Coal-fired Unit 2 in Ontario Shut November 7

The unit shut for short-term work.

Reuters, 14:27 November 7, 2006

Petroleum

Oil and Gas Projects Jeopardized by Rising Costs

Rising capital and labor costs are forcing some companies to reconsider major oil and gas projects needed to meet growing energy demand. In some cases estimated costs for oil and gas projects have nearly doubled over the past year. Sharply increased steel prices, due to booming development in Asia, is a key factor affecting project costs. Although oil companies expect project costs to continue rising in the near term they are less certain about the direction of oil and gas prices. Projects at risk include refinery upgrades, oilfield developments, and projects to develop unconventional energy deposits. (See related story in Notes.)

<http://www.marketwatch.com/News/Story/Story.aspx?guid=%7B755D2AC0%2D51BB%2D4887%2DBA4E%2DA18B5C164791%7D&source=blq%2Fyhoo&dist=yhoo&siteid=yhoo&print=true&dist=printBottom>

Total Starts Up Joslyn Oil Sands Project in Alberta

The first development of the project, located in the Athabasca region of Alberta, will bring production to 10,000 b/d using steam assisted gravity drainage technology. The project will also eventually produce 100,000 b/d using oil sands surface mining technology. The surface mining part of the project is currently being reviewed by Canadian regulatory agencies.

The Oil Daily, November 8, 2006

Ultramar Plans Quebec City-Montreal Pipeline for 2008-2009

Ultramar plans to begin construction next fall, one year later than originally planned. The proposed pipeline will connect Ultramar's 215,000 b/d oil refinery in Quebec City to its Montreal storage terminals. Ultramar currently ships petroleum products from the Levis refinery to Montreal by barge and rail. The new pipeline will help meet rising demand in the Montreal area. The pipeline is scheduled to go on stream in 2008-2009 pending regulatory approval.

<http://www.canada.com/montrealgazette/news/story.html?id=b1278e01-c88e-413d-a943-393c695e0cd1&k=37715>

Saudi Aramco Launches 5-Year Plan to Boost Oil Production to 12 Million b/d

State-owned oil company Saudi Aramco has announced an \$80 billion program aimed at boosting its oil production capacity to 12 million b/d, expanding its gas processing facilities and increasing its refining capacity at home and abroad. Crude oil production will be increased by bringing on stream mothballed onshore fields and starting up new production from heavy oilfields. Refining capacity will be increased by building two 400,000 b/d export refineries.

The Oil Daily, November 8, 2006

Natural Gas

FERC Gives Environmental Approval to Northern Natural Gas Pipeline Expansion in Midwest

The U.S. Federal Energy Regulatory Commission gave an environmental nod to the company's proposed expansion and extension of its transportation system in Minnesota and Iowa.

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8kowu%5D%5BjopnmsyZSki%22EN%26bfe%5Dv>

Other News

Motiva Plans to Expand New Jersey Rail Facilities to Handle More Ethanol

Motiva Enterprises plans to expand railcar handling capacity at its 2 million gallon-per-day ethanol terminal in Sewaren, New Jersey, the largest rail-served ethanol terminal in the New York Harbor area. Currently, ethanol tankcars are combined with other cargo-carrying railcars and must be separated before entering the Motiva railyard. The completed expansion will allow an entire train of 80-100 ethanol tankcars to enter the facility. Motiva hopes to complete the project in 2007.

<http://www.platts.com/Oil/News/6312723.xml?p=Oil/News&sub=Oil>

Labor-strapped Coal Industry Looking for New Miners

U.S. coal producers are seeking new coal miners as increasing coal production and pending retirements are generating demand for new labor. The coal industry, which is heavily concentrated in Wyoming, is looking specifically to draw workers from the Midwest who have been displaced from the automotive and steelmaking industries.

<http://www.platts.com/Coal/News/6312983.xml?p=Coal/News&sub=Coal>

IEA Releases 2006 World Energy Outlook

<http://www.worldenergyoutlook.org/>

Energy Prices

U.S. Oil and Gas Prices November 8, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	59.78	58.64	59.70
NATURAL GAS Henry Hub \$/Million Btu	7.39	7.15	9.15

Source: Reuters

Energy Notes

California Voters Reject Proposed Oil Production Tax to Fund Alternative Energy

<http://www.marketwatch.com/News/Story/Story.aspx?guid=%7B3758843C%2DC658%2D49E0%2D8CA2%2DC613053C6307%7D&source=blq%2Fyhoo&dist=yhoo&siteid=yhoo>

Alaska Voters Reject Proposed Natural Gas Reserves Tax on Oil Companies

<http://www.platts.com/Natural%20Gas/News/8725579.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

Next Speaker of the House Nancy Pelosi Says Democrats' First Moves in 2007 Congress Will be to Remove Financial Relief to Oil Companies and to Enact Tough Gasoline Anti-Price Gouging Legislation

http://biz.yahoo.com/rb/061108/usa_election_energy.html?.v=2

OPEC Delegate Says EIA Production Numbers Wrong, Says All Ministers Have Pledged to Implement Production Cuts

<http://www.platts.com/Oil/News/8725578.xml?p=Oil/News&sub=Oil>

Update: Louisiana Governor Blanco to Visit Kuwait this Weekend to Press Officials to Build New Refinery in Louisiana

Bloomberg News, November 8, 2006

Chevron Starts Oil Production from Offshore Angola Reservoir, Peak Production to Reach 100,000 b/d by 2010

<http://www.marketwatch.com/News/Story/Story.aspx?guid=%7bC1F3D899-6975-4C39-806F-6E216EAC0814%7d&siteid=yhoo&dist=yhoo>

Devon Considering Deferring 35,000 b/d Jackfish Oil Sands Expansion Project in Alberta due to Rising Labor Costs (See related story in Petroleum.)

<http://www.bloomberg.com/apps/news?pid=20601082&sid=aqZFbSxwmOkg&refer=canada>

MMC Energy to Evaluate Plans to Re-Power and Expand Escondido Power Plant in San Diego, California

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7382060

Ontario Needs New Transmission Infrastructure to Serve New Generation Projects – Toronto Star Article

http://www.thestar.com/NASApp/cs/ContentServer?pagename=thestar/Layout/Article_Type1&c=Article&cid=1162770306646&call_pageid=968350072197&StarSource=RSS

North American Energy Integration Will Advance Energy Security Interests – DOE Official

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7380906

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

Energy Assurance Daily provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. EST. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

<http://www.oe.netl.doe.gov/index.aspx>.

Please direct comments and questions to: ead@oe.netl.doe.gov